

**DUE DECEMBER 31 Pursuant to Public Resources Code § 6306**

<b>Fiscal/Calendar Year:</b>	FY 2024-2025
<b>Grantee Name:</b>	City of Newport Beach
<b>Contact Person:</b>	Jason Al-Imam, Administrative Services and Finance Director/Treasurer
<b>Contact Phone:</b>	(949) 644-3126
<b>Mailing Address:</b>	100 Civic Center Dr. Newport Beach, CA 92660

**1. Funds** *(attach additional information as needed)*

a. Is a separate fund maintained for tidelands trust assets, liabilities, revenues, and expenditures?

<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes", please list the name(s) of the fund(s): 1) Tide and Submerged Lands Operating Fund (includes a restricted amount for Upper Newport Bay Restoration Fund) 2) Tide and Submerged Lands Harbor Capital Fund
If "No", under what fund are they accounted for:  N/A

b. Are separate financial statement(s) prepared for the tidelands trust?

<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes," describe the organization of the separate financial statement(s): City of Newport Beach - Tide and Submerged Lands Annual Financial Report for the Year Ending June 30, 2025 (pages 10-15)
If "No," in which financial statement(s) are they included? (Name of the document(s) and the applicable page number(s)):  N/A

**2. Revenue** *(attach additional information as needed)*

a. What was the gross revenue received or generated from trust land or trust assets during the past fiscal year?

Gross revenues for FY 2024-2025 were \$26,846,136 (page 11).
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b. Please list all sources of revenue generated from trust lands or trust assets and the amount of revenue generated from each source (e.g., permits, rentals, percentage of lease, etc.).

Please see attached report (page 11).
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STATE OF CALIFORNIA – STATE LANDS COMMISSION  
**GRANTED PUBLIC TRUST LANDS STANDARDIZED REPORTING FORM**  
SLC 711 (Formerly SLC 150)  
(Revised 11/2025)

**3. Expenses** (attach additional information as needed)

- a. What was the total expenditure of trust funds (i.e., funds received or generated from trust lands or trust assets) during the past fiscal year?

Total expenditures for FY 2024-2025 were \$6,967,693 (page 12).

- b. What expenses were allocated or charged directly to the trust? Please list the source of the expenditure and the amount expended.

Please see attached report (page 12).

- c. Were there any capital improvements over \$250,000 in the past fiscal year? Are any capital improvements over \$250,000 expected in the current or next fiscal year?

Yes, capital improvements during FY 2024-2025 amounted to \$2,105,608 (page 12).  
For next fiscal year, \$21,728,551 in capital improvements are expected.

- d. Describe any other disposition of trust funds or trust assets or any other disposition of the trust lands or trust assets themselves. Include any internal funds that were transferred to other grantees, to the management of entity, or under the management of another political subdivision of the grantee under an agreement, settlement, or memorandum of understanding.

N/A

**4. Beginning and Ending Balance** (attach additional information as needed)

- a. Please list the beginning and ending balances for the tidelands trust fund(s) for this past fiscal year.

Tide and Submerged Lands Operating Fund: Beginning Balance - \$8,547,722; Ending Balance - \$11,809,111  
Reserve for Upper Newport Bay Restoration Fund: Beginning Balance - \$1,683,144; Ending Balance - \$1,871,911  
Tide and Submerged Lands Harbor Capital Fund: Beginning Balance - \$43,107,346; Ending Balance - \$57,503,146

**CITY OF NEWPORT BEACH**  
**Tide and Submerged Lands**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2025**

	Tide and Submerged Land - Operating	Tide and Submerged Land - Harbor Capital	Tide and Submerged Land Total Funds
<b>Revenues:</b>			
Licenses, permits, and fees	\$ 110,943	\$ -	\$ 110,943
Charges for services	65,341	-	65,341
Fines and forfeitures	37,814	-	37,814
Investment income	332,181	2,170,732	2,502,913
Net increase in fair value of investments	52,743	625,833	678,576
<b>Property Income</b>			
<b>Parking</b>			
Balboa Lot	3,103,308	-	3,103,308
Other parking	2,267,437	-	2,267,437
Total Parking	5,370,745	-	5,370,745
<b>Leases</b>			
Balboa Yacht Basin Slips (net of increment)	653,171	1,117,222	1,770,393
Balboa Yacht Basin Garages (net of increment)	35,344	48,382	83,726
Balboa Yacht Basin Apartments (net of increment)	30,456	8,999	39,455
Balboa Yacht Basin Offices	11,788	-	11,788
Balboa Yacht Basin Electricity	16,690	-	16,690
Balboa Bay Club	3,011,162	2,947,687	5,958,849
Beacon Bay	2,237,887	-	2,237,887
Other Leases	1,355,347	267,825	1,623,172
Total Leases	7,351,845	4,390,115	11,741,960
<b>Rent</b>			
Moorings Off-Shore (net of increment)	623,171	661,961	1,285,132
Moorings On-Shore (net of increment)	69,546	105,401	174,947
Moorings Guest (net of increment)	-	319,953	319,953
Moorings Transfers (net of increment)	-	52,034	52,034
Short-Term Mooring Licenses	107,071	-	107,071
Residential Piers Rent (net of increment)	118,000	169,707	287,707
<b>Commercial Piers Rent (net of increment)</b>			
Large Com Marina Rent	248,441	655,033	903,474
Medium Com Marina Rent	-	122,824	122,824
Small Com Marina Rent	47,662	105,947	153,609
Vessel Charter Bus Rent	26,833	24,224	51,057
Vessel Rental Facility Rent	20,560	37,197	57,757
HOA NONMEM <13,000 sqf	5,693	17,585	23,278
HOA NONMEM 13K-30K sqf	6,927	9,856	16,783
Yacht Club Guest Slip Rent	13,471	3,316	16,787
Restaurant Rent	7,873	2,347	10,220
Shipyard Rent	6,559	12,848	19,407
Other Rent - Bldg over Tld	5,325	7,525	12,850
Fuel Dock - Base/Plus Rent	4,710	6,985	11,695
Sport Fishing Charter Rent	4,446	6,594	11,040
Total Commercial Piers Rent	398,500	1,012,281	1,410,781
Total Rent	1,316,288	2,321,337	3,637,625
Sale of Oil	1,420,057	-	1,420,057
Other	1,280,084	-	1,280,084
Total property income	16,739,019	6,711,452	23,450,471
Other	78	-	78
<b>Total Revenues</b>	<b>\$ 17,338,119</b>	<b>\$ 9,508,017</b>	<b>\$ 26,846,136</b>

See accompanying notes to basic financial statements

**CITY OF NEWPORT BEACH**  
**Tide and Submerged Lands**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2025**

Continued

	Tide and Submerged Land - Operating	Tide and Submerged Land - Harbor Capital	Tide and Submerged Land Total Funds
<b>Expenditures:</b>			
General government:			
General government - Direct	\$ 576,031	\$ -	\$ 576,031
Total General government	<u>576,031</u>	<u>-</u>	<u>576,031</u>
Public works:			
Public works - Utilities - Direct	1,213,828	-	1,213,828
Public works - Tidelands management - Direct	332,862	-	332,862
Total Public works	<u>1,546,690</u>	<u>-</u>	<u>1,546,690</u>
Community development:			
Community development - Direct	29,506	-	29,506
Total Community development	<u>29,506</u>	<u>-</u>	<u>29,506</u>
Community services:			
Harbor operations - Direct	2,709,858	-	2,709,858
Total Community services	<u>2,709,858</u>	<u>-</u>	<u>2,709,858</u>
Capital improvement projects: - All are Direct			
Abandoned Watercraft Grant	8,485	-	8,485
Balboa Yacht Basin Docks	-	169,547	169,547
Beach and Bay Sand Management	478,663	-	478,663
Big Canyon Restoration - PH2 Monitor	50,651	-	50,651
Eelgrass Survey	173,425	-	173,425
Harbor Bulkheads and Seawall Repair	-	152,749	152,749
Harbor Dredging/Planning	-	3,540	3,540
Harbor Maintenance/Minor Improv	3,825	-	3,825
Harbor Piers Rehabilitation	295,200	619,256	914,456
Ocean Piers Inspection & Maintenance	131,589	-	131,589
Surfside Sunset Coastal Sand Replenishment	5,067	-	5,067
TMDL Compliance/Water Quality Imp	13,611	-	13,611
Total Capital improvement projects	<u>1,160,516</u>	<u>945,092</u>	<u>2,105,608</u>
<b>Total Expenditures</b>	<b><u>\$ 6,022,601</u></b>	<b><u>\$ 945,092</u></b>	<b><u>\$ 6,967,693</u></b>
<b>Other financing sources (uses):</b>			
Transfers in	12,263,815	5,832,875	18,096,690
Transfers out	<u>(20,317,944)</u>	<u>-</u>	<u>(20,317,944)</u>
<b>Total other financing sources (uses)</b>	<b><u>(8,054,129)</u></b>	<b><u>5,832,875</u></b>	<b><u>(2,221,254)</u></b>
<b>Net change in fund balances</b>	<b>3,261,389</b>	<b>14,395,800</b>	<b>17,657,189</b>
<b>Fund balance, beginning</b>	<b><u>8,547,722</u></b>	<b><u>43,107,346</u></b>	<b><u>51,655,068</u></b>
<b>Fund balance, ending</b>	<b><u>\$ 11,809,111</u></b>	<b><u>\$ 57,503,146</u></b>	<b><u>\$ 69,312,257</u></b>

See accompanying notes to basic financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### 1) Basis of Accounting and Measurement Focus

The basic financial statements of the Newport Beach, CA Tide and Submerged Lands are comprised of fund financial statements and notes to the financial statements.

The fund financial statements utilize the current financial resources measurement focus and thus have a short-term focus measuring inflows of current spendable assets. The resulting net difference between current financial assets, deferred outflows of resources, current financial liabilities, and deferred inflows of resources is otherwise known as fund balance. Fund balance is similar to net working capital in the private sector, a measure of the entity's ability to finance activities in the near term.

Tidelands are accounted for in two (2) Special Revenue funds. These Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for the Tide and Submerged Lands. Fund descriptions are:

Tide and Submerged Land – Operating Fund is a Special Revenue fund used to account for revenues related to the operation of the City's Tidelands, including beaches and marinas, and the related expenditures. Revenue from Tidelands operations includes, but is not limited to, rents from moorings, piers, and leases, as well as income from parking lots, meters, and the sale of oil.

Tide and Submerged Land – Harbor Capital Fund is used to account for incremental increases in revenue from certain property leases, piers, and mooring rentals that exceed Council designated base year revenue amounts, as well as other designated revenues and the related expenditures for capital projects, maintenance, and servicing of loan advances from the General Fund.

These funds are presented using the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days for all revenues in the Tidelands Funds.

### 2) Leases

In FY 2021-22, the City implemented GASB Statement No. 87 – “Leases”, effective for periods beginning after June 15, 2021. This statement changed the calculation and presentation of lease related amounts in the City's financial statements.

Lease liabilities and receivables are estimated present values of future lease payments. Estimating present values involves various related estimates, including lease terms and interest rates. The estimated lease term is the time period that the lease is noncancelable, plus extension and termination time periods if based on the lease agreement it is reasonable that the extensions will be exercised and the terminations will not be exercised. When a lease's implicit interest rate is not known, estimates are made of either the City's incremental borrowing rate or the rate the City may charge a lessee. Non-lease components of lease agreements have been treated as separate non-lease agreements when practicable and are excluded from the City's estimated lease liabilities and receivables. Leases that do not meet the Governmental Accounting Standards Board's definition of a lease liability or receivable (e.g. short-term leases, etc.) also are excluded from the City's estimated lease liabilities and receivables.

Lease agreements that meet the requirements of GASB 87 for which the City is lessor are disclosed as lease receivables on the City's financial statements. GASB 87 excludes certain inflows (e.g. certain variable payments, etc.) from the measurement of lease receivables. For the fiscal year ending

June 30, 2025, both Tidelands Funds accounted for the succeeding amounts associated with GASB 87. Variable payments related to the lease receivables that were excluded from the measurement of the lease receivables amounted to \$3.1 million. Lease inflows, including inflows excluded from GASB 87, are included on the City's financial statements as property income. Lease inflows for interest revenue from amortization of the GASB 87 lease receivables totaled \$3.1 million. Lease inflows for lease revenue from amortization of the related GASB 87 deferred inflows of resources from leases was \$6.1 million. Lease receivables on June 30, 2025 were \$193.2 million.

### 3) Public-Private Partnership

In FY 2022-23, the City implemented GASB Statement No. 94 – “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, effective for periods beginning after June 15, 2022. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements.

The City's public-private partnership receivable is an estimated present value of future payments from the operator to the City. The estimated public-private partnership term is the time period that the operator's right to use the underlying public-private partnership asset is noncancelable, plus extension and termination time periods if based on the public-private partnership arrangement it is reasonable that the extensions will be exercised, and the terminations will not be exercised. When the public-private partnership arrangement's implicit interest rate is not known, an estimate is made of the rate the City may charge an operator. Non-public-private partnership components of public-private partnership arrangements have been treated as separate arrangements when practicable and are excluded from the City's estimated receivable. Arrangements that do not meet the Governmental Accounting Standards Board's definition of a public-private partnership (e.g. leases that do not require the operator to improve the City's existing assets, etc.) are also excluded from the City's estimated receivable

Agreements that meet the requirements of GASB 94 for which the City is transferor are disclosed as public-private partnerships (PPP) receivables on the City's financial statements. The City's PPP receivable is related to the facilities for the Balboa Island Ferry, Inc. (operator). GASB 94 excludes certain inflows (e.g. certain variable payments, etc.) from the measurement of PPP receivables. Payments from the operator to the City include variable payments, because the operator pays the City the greater of a minimum base amount or a specified percentage of the operator's gross receipts. For the fiscal year ending June 30, 2025, the City recognized \$17,763 of payments related to PPP receivables that were excluded from the measurement of the PPP receivables. A discount rate of 1.50% was applied to the measurement of the PPP receivable. The PPP agreement leases facilities to the operator for the continued operation of a ferry between Balboa Island and Balboa Peninsula. The City retains the right to inspect the property any time without notice to the operator. PPP receivables on June 30, 2025 were \$629,813.

### 4) Advances

Advances from the General Fund to the Harbor Capital Fund are primarily for the purpose of funding expenditures for dredging, seawall repairs and maintenance, and other high impact projects within the City's Tidelands, specifically within, or benefitting the Newport Harbor. Over the years, the General Fund has advanced \$15.8 million to the Harbor Capital Fund. The balance of advance due to the General Fund as of June 30, 2025 is \$4.4 million.

	Advance from	Advance to
General Fund	\$ 4,426,659	\$ -
Tide and Submerged Land - Harbor Capital Fund	-	4,426,659
Total	<u>\$ 4,426,659</u>	<u>\$ 4,426,659</u>

The advances will be paid back to the General Fund from incremental revenue increases generated from certain leases, mooring rents, and commercial and residential pier rents. Below is the repayment schedule:

Harbor Capital Fund Advance - Repayment Terms (Zero Interest Advance)			
	Advance #1 Dredging Projects	Advance #2 Marina Park Project	Total
Fiscal Year	Repayment	Repayment	Repayment
2026	750,000	500,000	1,250,000
2027	750,000	500,000	1,250,000
2028	426,659	500,000	926,659
2029	-	500,000	500,000
2030	-	500,000	500,000
<b>Total</b>	<b>\$ 1,926,659</b>	<b>\$ 2,500,000</b>	<b>\$ 4,426,659</b>

#### 5) Revenue

In some instances, governmental accounting standards permit revenues in governmental funds to be reported net of certain costs. Accordingly, parking meter revenues and other property income are reported net of credit card service costs, refunds, rebates, and bad debt.